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IN THE

Supreme Court of the United States

OCTOBER TERM, 1965.

No. 595

FERNANDA MISANI,

Appellant,

vs.

ORTHO PHARMACEUTICAL CORP., a New Jersey corporation, JOHNSON & JOHNSON, a New Jersey corporation, ROBERT W. JOHNSON, HARRY C. McKENZIE, BERTON J. TODD, EVAN R. SPALT, JOHN FRIEBELY and WILLIAM OROSHNIK,

Appellees.

MOTION TO DISMISS.

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vs.

ORTHO PHARMACEUTICAL CORP., a New Jersey Corporation, *et als.*,

Appellees.

MOTION TO DISMISS.

Appellees, pursuant to Rule 16 of the Revised Rules of the Supreme Court of the United States, move to dismiss the above appeal on the grounds that (a) it does not present a substantial federal question; (b) the alleged federal questions advanced by appellant were either not properly raised or passed upon below; and (c) the final judgment of the New Jersey Supreme Court rests on an adequate non-federal basis.

Statement of Case.

This is an action by a discharged employee against her former employer, Ortho Pharmaceutical Corp. (hereinafter called "Ortho"), the employer's parent corporation, Johnson & Johnson, the Chairman of the Board of Johnson & Johnson, Robert W. Johnson and five individuals who were officers or supervisory employees of Ortho at the time of plaintiff's discharge—Harry C. McKenzie, President, Evan R. Spalt, Vice President, Berton J. Todd, Vice President, John Friebely, Director of Personnel and William Oroshnik, Director of the Organic Research Division and plaintiff's supervisor.*

This suit stems from the fact that Ortho Pharmaceutical Corp., obtained a United States patent, 2,878,263, and applied for a Canadian patent on a chemical compound, 4-methyl-4-phenyl-5-pyrazolone (hereinafter called "the compound"). Appellant's causes of action as set out in her complaint and as reflected in the pretrial order are that appellees (1) wrongfully, maliciously and fraudulently deprived her of credit by failing to designate her the inventor in the United States patent application and issued patent (P1a to P11a-11; P31a-14 to 21),** which application and patent designated William Oroshnik the inventor of the compound; (2) maliciously committed errors in the specifications and claim of the patent application (P11a-12 to P12a-15; P32a-16; (3) failed to claim the process of making the compound in the patent application (P11a-12 to

* Since plaintiff's discharge, Messrs. McKenzie and Todd have died and Dr. Oroshnik has resigned his position at Ortho.

** References to the appendix filed with appellant's Jurisdictional Statement are cited "Pj(page)a". References to appellees' and appellant's respective appendices filed in the Appellate Division are cited as "D(page)a" and "P(page)a".

P12a-15; P32a-14 to 16); (4) breached her contract of employment with Ortho and invention assignment agreement by failing to give her credit as the inventor (P12a-19 to P14a-8; P31a-19 to 20); (5) wrongfully applied for the patent before the invention had been fully developed and exploited (P15a-10 to P16a-14; P32a-18 to 22); and (6) wrongfully applied for a Canadian patent (P37a-10 to 23). For all of these wrongs, appellant sought compensatory and punitive damages, and an adjudication that she was the inventor of the compound and its process of manufacture and that the appellees had no property rights in the patent or the compound. P1a to P16a; P34a-16 to 17; P37a-17 to 23.

Appellant commenced her employment with Ortho on January 10, 1955. D11a-15 to 17. Her employment resulted from her response to an advertisement for an organic chemist to do "research in synthetic medicinal chemistry", the work to be of "basic character." DEx. D-1; D76a; D11a-23 to 28. During the period of her employment by Ortho, appellant's work involved basic research and her efforts were directed toward making new medicinal compounds. D12a-14 to D13a-19.

Appellant's employment terminated in April, 1956 (D11a-18 to 22) when she was discharged by Oroshnik, her supervisor. As a result of her discharge, appellant instituted suit against these same appellees in another state court proceeding in which she sought damages, *inter alia*, for the discharge, which was alleged to be wrongful, and for libel and slander. App. Div. Docket No. A-711-60. The trial court dismissed that suit at the close of appellant's case. The Appellate Division of the Superior Court affirmed the dismissal and the New Jersey Supreme Court denied appellant's petition for certification. 38 N. J. 304

(1962). Thereafter, this Court denied a Petition for Writ of Certiorari. 372 U. S. 959 (1963).

During the course of the trial of the instant case, appellant testified to having invented the compound and the process for its preparation. P107a to P108a-23; P110a-8 to 11; P114a-3 to 20; D7a-36 to 39. This testimony was sharply disputed by Oroshnik, the person designated in the patent on the compound as its inventor. Oroshnik's testimony was that he, not appellant, conceived the idea for the compound, that he had disclosed the idea to appellant, told her how to make it but left to her the details of the process for its synthesis. D34a-5 to 7; D35a-5 to 28; D37a-29 to 32; P131a-15 to P133a-6. He further testified that when he told the appellant to make the compound, he knew it could be achieved because chemical theory predicted it. D37a-29 to 32.

Oroshnik also testified that he told Dr. Robert W. Kell, a Johnson & Johnson staff patent attorney who evaluated the compound for patenting, that he had conceived the idea for the compound and had directed the appellant to make it (P133a-11 to 13). However, Oroshnik did not tell Kell he was the inventor (P133a-14 to 16) or that he had invented the process for making the compound (P133a-17 to 19).

Kell testified it was his conclusion that Oroshnik was the inventor of the compound and described in detail the factual and legal basis for his decision. D52a-32 to 36; D49a-22 to D51a-30.

Appellees introduced the testimony of Roger T. McLean, Esq., a qualified expert in the field of patent law (D58a-28 to D59a-16), to show the patent on the compound to be invalid. He testified that a reference in a German chemical encyclopedia completely invalidated the patent (D59a-22 to 42). Earlier in the trial, appellant admitted the invalidity

of the patent (D51a-32 to 35), but asserted it could be made valid by adding an use description to it (P123a-13 to 22). McLean disputed this and stated that no amount of amendment could validate a patent on the compound itself. D60a-2 to 24. McLean also testified that if Oroshnik conceived the idea for the compound as he testified (P132a-20 to 25), he would be the inventor even if he did not do the actual bench work (D67a-5 to 25).

Appellant testified that she had invented the process for making the compound. D7a-36 to 40. McLean was specifically directed to the appellant's testimonial description of the process for making the compound (D60a25 to D61a-25) and was asked to render his opinion as to whether the process was novel and patentable. He stated the process was neither novel nor patentable. D61a-31 to D66a-38. Kell also stated the process to be unpatentable. D53a-10 to 12.*

No proof was adduced on the subject of the use to which the compound could be put, and indeed, there was nothing stated prior to or during the trial which would have indicated that the use of the compound or any claim for the discovery of such use was an issue in this case.

At the close of appellant's case, the suit was dismissed against Messrs. McKenzie, Spalt, Todd, Friebely and Johnson for failure to produce any evidence connecting them with the patenting of the compound. D25a-6 to 18. The suit against Oroshnik, Ortho and Johnson & Johnson was submitted to the jury, which returned an unanimous verdict for no cause of action. After a denial of appellant's application for a new trial and her unsuccessful direct petition for certification to the New Jersey Supreme

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* Since the start of this action, appellant has secured a patent on the process but that patent is not part of the record. Pj31a.

Court, the matter was briefed and argued before the Appellate Division of the Superior Court.

The Appellate Division unanimously affirmed the dismissal of the case at the close of appellants' proofs as to five appellees but reversed the trial court judgment as to Oroshnik and the two corporate appellees and remanded the case for retrial as to them. In reaching this result, the Appellate Division agreed that the issued patent on the compound was invalid (Pj18a), that the compound itself could not be validly patented (*Ibid.*), and consequently that appellant was not denied any actionable inventorship credit on the compound (Pj19a). However, the Court held appellant could have been wrongfully denied inventorship credit for the process of making the compound and, although it was never at issue in this case, for the use to which the compound could be put. This holding was premised on the Court's conclusion that the designation of Oroshnik as the inventor in the issued patent, which only formally claimed the compound as the invention, was also a "representation" that Oroshnik was the inventor of the process and use which were described in the specification of the patent.

The parties cross-petitioned for certification to the New Jersey Supreme Court which Court granted the cross-petitions. The Supreme Court affirmed the lower court decisions as to McKenzie, Spalt, Todd, Friebely and Johnson. It reversed the Appellate Division's holding as to the remaining appellees and reinstated the jury verdict of no cause of action. In reaching this latter conclusion, the Court held (a) the jury verdict to mean that Oroshnik and not appellant conceived the idea for the compound, (b) that by reason of an assignment agreement she had executed appellant had transferred her property rights to discoveries she made while employed by Ortho to it and (c) that there

was no misrepresentation as to inventorship of the process for making the compound and its use, and, in any event, it would not recognize a cause of action for such misrepresentation when the basis therefor was factually grounded on implications from a patent limited in its claim to the compound in question which patent was conceded by all to be invalid. Pj3a to Pj8a.

ARGUMENT.

Appellant has failed to establish any basis for this appeal.

At pages 9 to 11 of her jurisdictional statement, appellant presents eight questions allegedly presented by this case. Although not all of these questions are discussed by appellant in part F of her jurisdictional statement, appellees shall comment upon each question.

The initial question raised and argued by appellant involves a claim of patent misuse by reason of an alleged possible extension of monopoly. This is said to be a question because of the issuance of two patents to appellant, 3,079,397 and 3,166,475, since the termination of her employment at Ortho and the possibility that Ortho's rights gained through the patent on the compound, U. S. P. 2,878,263, will be extended if plaintiff is compelled to assign those two patents to Ortho. This question has neither been raised before nor decided by any court during the litigation between the parties.

As part of her employment with Ortho, appellant executed an invention assignment agreement whereby she agreed to assign all her rights,

> "in inventions, improvements and ideas which during the period of his [sic] employment, he [sic]

has made or conceived or may make or conceive, either solely or jointly with others, in the course of his [sic] employment. . . ."

The three Courts which have heard this case have held this assignment agreement to be valid and, have further held that by reason of it, appellant transferred to Ortho her property rights in inventions encompassed by the agreement. Indeed, no other conclusion could have been reached in view of the absence of any evidence indicating infirmities in the agreement.

However, no court has held that the two patents issued to appellant are encompassed by the assignment agreement; no court has compelled plaintiff to assign those patents to Ortho; no claim has been made by appellees that these two patents should be assigned to Ortho; and, as noted in the Appellate Division opinion, these two patents are not even a part of the record in this case.

Question 2 is in part answered by the answer to the previous question. As noted, the invention assignment agreement vested Ortho with all of plaintiff's property rights in inventions made by her while in its employ. As held by all the lower courts, even without this agreement, the result is the same because plaintiff was hired to exercise her inventive faculties for Ortho and, in such case, under settled state and federal law, the inventions belong to the employer. *Kinkade* v. *N. Y. Shipbuilding Corp.*, 21 N. J. 362 (Sup. Ct. 1956); *U. S.* v. *Dubilier Condenser Corp.*, 289 U. S. 178 (1933).

Intertwined in the second question is the assertion that a patent on the compound was secured by Ortho in the name of the non-inventor. Such an assertion does not lie in view of the jury verdict of no cause of action in favor of Oroshnik, Ortho and Johnson & Johnson and the New

Jersey Supreme Court's holding that the proper interpretation of that verdict is that Oroshnik and not the appellant was the inventor of the compound patented by Ortho. Pj5a.

The third question set out by appellant, totally misstates the holding of the New Jersey Supreme Court. In the patent which issued to Ortho, there was a single claim and that was on the compound 4-methyl-4-phenyl-5-pyrazolone. No claim was made for either the process or use although both were set out in the specification portion of the patent as required by 35 U. S. C. §112. In considering the claim on the compound and the balance of the material in the patent, the Court was concerned with the question whether there was any representation made that Oroshnik was the inventor of a patentable process for making the compound and the use to which it could be put. The Supreme Court held, as a matter of fact, that no such representation had been made. Pj6a to Pj8a. That conclusion is supported by the unambiguous language of the patent in general, by the language of the claim in particular, and by the holding of this and other courts in the analogous field of infringement cases where it has been held that the claim alone defines the invention. *Brown* v. *Guild,* 90 U. S. 181 (1874); *Graver Tank & Mfg. Co., Inc.* v. *Linde Air Products Co.,* 336 U. S. 271 (1949), *aff'd. on reh.,* 339 U. S. 605 (1949); *Straussler* v. *United States,* 290 F. 2d 827 (Ct. of Cl. 1961).

Questions 4 and 5 are interrelated and stem apparently from the fact that Ortho has not disclaimed the patent on the compound. The patent is invalid and, as noted by the lower courts, appellant has steadfastly conceded the invalidity. Pj4a to Pj5a. 35 U. S. C. §253 provides that a patentee ". . . may, on payment of the fee required by law, make disclaimer of any complete claim . . .". This statute is permissive and neither its language nor the cases inter-

preting it have imposed a duty upon the patentee to disclaim. See, *United Carbon Co., Inc.* v. *Carbon Black Research Foundation*, 59 F. Supp. 384, 388 (D. Md. 1945). In addition, because Ortho was vested with the full property rights in the patent in question and in inventions of appellant made while in its employ, the state courts correctly held it was under no obligation to correct alleged errors in the patent on the compound or to disclaim.

In question six, appellant questions whether a patentee who has not disclaimed may nonetheless assert the invalidity of his patent. In this case, invalidity was an issue because it bore directly on plaintiff's asserted right to credit and the amount of damage, if any, she sustained. As stated by the Appellate Division, the issue of patent invalidity was tried with plaintiff's acquiescence. Pj33a. Additionally to be noted is the principle that the doctrine of estoppel has no application to a case, such as the instant one, where it has been shown and the jury must have found that the patentee acted in good faith in securing the patent. *Greenwood* v. *Bracher*, 1 Fed. 856, 858 (Cir. Ct. D. N. J. 1880).

Question 7 challenges the fact that the state courts did not follow the procedural rules of the United States Patent Office and appellant asserts thereby a violation of the Supremacy Clause of the United States Constitution. The Patent Office procedural rule which appellant asserts was not followed would prohibit a party in an interference proceeding from testifying as to his conception without extrinsic corroborating evidence. In addition to the fact that state courts are not required to follow the rules of procedure of federal administrative agencies, the rule contended for by appellant would in no event have had application to the present case. Where, as here, there are

two competing parties, each alleging he is the inventor and claiming to have disclosed the invention to the other, the issue of invention "is really only one of veracity" and there "are no presumptions or artificial rules regulating such an investigation, and the evidence of one witness may be sufficient." *C. F. Mueller Co.* v. *Zeregas Sons, Consol.*, 12 F. 2d 517, 518 (2nd Cir. 1926); *followed, Concrete Mixing & Conveying Co.* v. *R. C. Storrie & Co.*, 27 F. 2d 838, 840 (9th Cir. 1928), *affirmed*, 282 U. S. 175 (1930).

The final question raised by appellant is whether her contract of employment with Ortho, as interpreted by the state courts, is "unconstitutional" and whether the application of the doctrine of *res judicata* denied due process to appellant. Appellant has, throughout this second suit, attempted to relitigate the issues raised and determined in the first suit. Among those issues was the validity of appellant's contract of employment and the propriety of appellees' actions in discharging appellant from Ortho's employ. Those issues were determined favorably to appellees and, in this case, all the courts, under normally accepted rules of *res judicata*, have prevented appellant from relitigating these issues.

In the instant case, appellant contended that the assignment agreement she executed was invalid because the employment contract was not for a fixed term and therefor not supported by adequate consideration. That legal contention was rejected by the lower courts (*Patent and Licensing Corp.* v. *Olsen*, 188 F. 2d 522 (2nd Cir. 1951); *Goodyear Tire & Rubber Co.* v. *Miller*, 22 F. 2d 353 (9th Cir. 1927)) and no constitutional question was involved.

Conclusion.

For the foregoing reasons, it is submitted that there are no substantial federal questions presented, that the judgment of the New Jersey Supreme Court rests on an adequate non-federal basis and that this Court should grant this motion to dismiss.

Respectfully submitted,

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Dated: October 22, 1965.

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